

Thungela says coal terminal workers' strike not impacting exports

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Thungela Resources, South Africa's largest shipper of thermal coal burned in power stations, said its shipments of the fuel have not been impacted by a workers' strike at the country's key coal export hub.



One of the two new rail-mounted stacker reclaimers which scoop up and transfer coal into and out of the yard is seen at Africa's largest coal export facility, the Richards Bay Coal Terminal, 2018. Source: Reuters/Tanisha Heiberg

Workers at Richards Bay Coal Terminal (RBCT), which is owned by coal exporters including Thungela, Exxaro Resources, Glencore and Seriti, have been on a strike for the past three weeks.

A two-week strike at South Africa's state-owned ports and rail company Transnet last year hit coal shipments, worsening losses for mining companies already failing to move sufficient volumes to ports due to locomotive shortages, cable theft and vandalism of infrastructure.



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The coal terminal has continued to function during the workers' strike, though it is not known for how long the strike action will last, Thungela said.

"At this time, we do not anticipate an impact on the vessels planned for Thungela in October," a Thungela spokesperson told Reuters. "Negotiations are continuing."

RBCT said the loss of 40% of its business volumes due to the decline in railed coal, coupled with a 35% increase in costs left it unable to meet workers' demands.

"The terminal is in a 'job-saving' mode, especially given the sense that the current low volume situation is unlikely to change in the short term," RBCT said in an emailed response to Reuters.

Offer is above inflation

The company is offering a 6% salary increase over the next two years and a percentage point hike above the inflation rate in the third year. The striking workers are demanding a 7% salary increase as well as a housing allowance.

A spokesperson for the Association of Mineworkers and Construction Union, whose members are on strike, couldn't be reached for comment.

Coal shipments passing through the RBCT fell to about 50 million tons last year, the lowest level since 1993, due to the challenges of moving the fuel to ports.

RBCT said the coal export performance is expected to deteriorate further this year, with volumes projected around 47 million tons.

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